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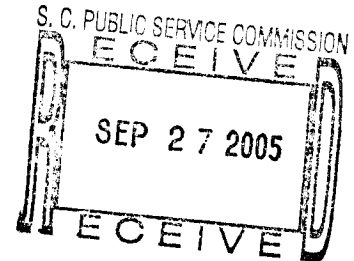
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September 27, 2005



VIA HAND DELIVERY

The Honorable Charles L. A. Terreni
Chief Clerk and Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Docket No: 2004-169-E
Order No: 2004-417
Motion to Extend Tariff

In the Public Service Commission of South Carolina's ("Commission") Order No. 2004-417, issued in Docket No. 2004-169-E, the Commission approved Duke Power, a division of Duke Energy Corporation's ("Duke") request for a waiver of Rule 103-331 (3) on an experimental basis. This Order required Duke to make a report to this Commission on Duke's use of the Tariff and any customers' complaints or difficulties related to this Tariff, within one year of Duke's receipt of the Commission's Order. Duke's report follows.

The waiver allowed Duke to require nonresidential customers to post a cash deposit or other form of guarantee when additional internal and external analyses of the customer's risk justified the need to secure the account.

Duke has a process by which it conducts a quarterly credit review of large Commercial and Industrial customers. As outlined in Duke's filing requesting a waiver of the Rule, the Company has established criteria under which the customer would be asked to take steps to reduce the risk to Duke.

Since the order approving the waiver of the subject rule, Duke has had one South Carolina customer who was requested to accelerate payment terms, provide a standby irrevocable letter of credit, surety bond, guarantee from a creditworthy parent company, cash deposit or combination of the above. Duke's credit review identified the customer as having an external credit rating of CCC+ and an Internal Risk Rating of 7 in October 2004 and the customer was contacted. Duke agreed to accept electronic payment on the date of the bill as an interim measure. Duke Representatives met with the customer and discussed options for mitigating the risk to Duke in November 2004 and December 2004. In January 2005 the customer provided a Standby Letter of Credit for the amount of the deposit and agreed to pay electronically within 10 days.

Duke has not received any customer complaints. In fact the customer discussed above rated Duke a 9, on a scale of 1 to 10 on a customer satisfaction survey.

On the basis of the successful experiment, **Duke asks this Commission to treat this correspondence as Duke's Motion requesting the Commission's approval to continue with the waiver of the rule on a non-experimental basis.**

With kind regards, we are

Sincerely,

A handwritten signature in black ink, appearing to read "William F. Austin".

William F. Austin
Richard L. Whitt

RLW/dss

Cc: Florence Belser, Esquire